



955 Jefferson Ave.
Valley Forge Corporate Center
Norristown, PA 19403-2497

February 26, 2007

Mr. Gary Stockbridge
Regional President
Delmarva Power

Dear Gary:

Thank you for sharing the commentary from *The News Journal* on Feb. 19, 2007 and at your request we are clarifying the following points.

The commentary states in part "It's a fact that Delaware needs over 500 additional megawatts (MW) of power by 2013, according to PJM Interconnection, the organization that ensures Delaware has a reliable supply of electricity."

PJM does not conduct reliability assessments on a state-by-state basis. Our assessments normally extend only to the transmission zone level. The most recent reliability assessment, which looks to 2011 not 2013, includes the entire Delmarva Power & Light zone, not just the portion of the zone in the state of Delaware. That current assessment does not show a need for additional capacity in the zone for reliability purposes.

It appears the 500 MW number may have been pulled from PJM's annual Load Forecast Report. In that report, the difference between DPL's peak demand in 2007 and 2013 is 501 MW. However, as you know, an increase in peak demand does not translate directly to a need for additional generation to maintain reliability.

In summary, whatever the pros and cons of building new generation on the Delmarva Peninsula, PJM has not called for 500 MW of additional capacity in Delaware by 2013 for reliability purposes.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Herling", with a long horizontal stroke extending to the right.

Steven R. Herling
Vice President, Planning

SRH/nbm: 408051 v2